

220412

STATE OF SOUTH CAROLINA

BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO.: 2009-356-E

LEONID KADOSHNIKOV,)	
)	
Complainant/Petitioner,)	
)	PREFILED DIRECT TESTIMONY
v.)	OF DOUGLAS WILSON
)	OF BROAD RIVER ELECTRIC
BROAD RIVER ELECTRIC)	COOPERATIVE, INC.,
COOPERATIVE, INC. AND)	
DUKE ENERGY CAROLINAS, LLC,)	
)	
Respondents.)	

Q: State your name?

A: Douglas Wilson.

Q: What will be the substance of your testimony?

A: I will testify to matters relating to the electric service of a premises by the Broad River Electric Cooperative, Inc. The premises in question being located at 153 Gaines Drive, Inman, South Carolina, with the service being in the name of Leonid Kadoshnikov.

Q: By whom are you employed?

A: I am employed with the Broad River Electric Cooperative, Inc.

Q: How long have you been employed with the Broad River Electric Cooperative, Inc.?

A: I began working with the Broad River Electric Cooperative, Inc. approximately thirty-seven (38) years ago, in 1971.

Q: What positions have you held with the Broad River Electric Cooperative, Inc.?

A: I have held just about every position with the Cooperative, beginning as a Groundman, then as an Equipment Operator, then as an Apprentice Lineman, then as a Lineman, then as a Foreman, then as a Equipment Specialist, then as the Safety Director, then as the Manager of Operations, and lastly I was promoted to Assistant Manager.

Q: What is your current position with Broad River Electric Cooperative, Inc.?

A: I serve as Assistant Manager of the Cooperative.

Q: What do the duties of Assistant Manager entail?

A: Essentially, I oversee anything which concerns the construction and maintenance of the electric lines and other facilities needed to distribute electrical service to members of the Broad River Electric Cooperative, Inc. My duties also include maintaining the records for any existing electrical right-of-way, or obtaining any needed electrical right-of-way. Lastly, my duties include the management and supervision of the office staff.

Q: As part of your duties as Assistant Manager are you familiar with the territory assigned to, and served by, Broad River Electric Cooperative, Inc.?

A: Yes.

Q: Generally speaking, what counties, and in what states, does Broad River Electric Cooperative, Inc. deliver electric service?

A: In South Carolina, Broad River Electric Cooperative, Inc., distributes electric service to members in Spartanburg, Union, Newberry, and Cherokee Counties. Broad River Electric Cooperative, Inc., also delivers electric service to a small number of members in North Carolina, in Cleveland, Rutherfordton, and Polk Counties.

Q: What other electric suppliers operate within the same geographic area in South Carolinas as the Broad River Electric Cooperative, Inc.?

A: Duke Power, the Gaffney Board of Public Works, Lockhart Power, and the City of Union.

Q: Within the geographic area that Broad River Electric Cooperative, Inc. serves in South Carolina, are you familiar with those territories assigned to the other electrical suppliers?

A: Yes.

Q: And within the geographic area that Broad River Electric Cooperative, Inc. serves in South Carolina, are you familiar with those territories that are not assigned to any electrical supplier?

A: Yes.

Q: Are you familiar with the premises which is the subject matter of this action, which is described in the complaint of Leonid Kadoshikov, as being certain property located at 153 Gaines Drive, Inman, South Carolina?

A: Yes, I am very familiar with the area and the premises in question. This property is located in the Inman Area in Spartanburg County, off of Clark Road. See Exhibit A, attached hereto.

Q: When you began working with the Broad River Electric Cooperative, Inc. in 1971, did Broad River Electric Cooperative, Inc. provide electric service to this area?

A: Yes. When I began working with Broad River Electric Cooperative, Inc., the electric line that serves the area was already in place.

Q: To initially deliver electric service to the premises, was any construction or erection of any electrical facilities required?

A: Yes. There was no pre-existing electric service prior to Broad River Electric Cooperative, Inc. erecting and constructing its facilities.

Q: What expenditures has Broad River Electric Cooperative, Inc. incurred over the years to deliver and maintain uninterrupted electric service to this area and to this premises?

A: The first expenditure Broad River Electric Cooperative, Inc., incurred was in 1967, when a distribution line was constructed to deliver electric service to one Willie Rogers on Lampost Road. Thereafter, Broad River Electric Cooperative, Inc., extended service to other area residents. To maintain the existing distribution lines, Broad River Electric Cooperative, Inc. has employed a regimen of routine inspections, right-of-way clearings, and pole and line upgrades. The most recent upgrades in this specific area were in 1992, 2002, and 2004, at the cost of approximately \$275,000.00. See Exhibit A, attached hereto.

Q: **Specifically turning to the complaint filed by Mr. Kadoshnikov, when did Broad River Electric Cooperative, Inc., begin to provide electric service to Mr. Kadoshnikov at the premises located at 153 Gaines Drive?**

A: From a review of our service records, an application for electric service to this particular premises was received on April 8, 2004. Because this is a mobile home residence, any electric connection had to be inspected by the Spartanburg County Building and Safety Office before electric service could be connected. The records of Broad River Electric Cooperative, Inc. reflect that the premises passed inspection on May 13, 2004, and thereafter electric service began on May 17, 2004.

Q. **Addressing the allegations in Mr. Kadoshnikov's complaint, the allegations contained in paragraphs one, five and six, all go to the rate charged by Broad River Electric Cooperative, Inc., as opposed to the rate charged by Duke Energy?**

A. There is a rate difference between Broad River Electric Cooperative, Inc. and Duke Energy of 5 cents per kwh, but not 8 cents per kwh as alleged by Mr. Kadoshnikov. Our rates are directly tied to our wholesale power costs, such that the costs paid by Broad River Electric Cooperative, Inc. are the costs that must be paid by our members. Our rate structure, as approved by the Board of Trustees for Broad River Electric Cooperative, Inc., is only designed to cover costs, not to generate profits, given that Broad River Electric Cooperative, Inc. is a non-profit corporation.

Q. **The second allegation in Mr. Kadoshnikov's complaint, is that Broad River Electric Cooperative, Inc. has no programs to help members with cost, efficiency improvement programs, etc. Is that correct?**

A. No. Broad River Electric Cooperative, Inc. regularly sends out mailings to its members as to how members can be more efficient in the use of electricity. Broad River Electric Cooperative, Inc. also has a web site which provides energy efficiency information. Upon request, Broad River Electric Cooperative, Inc. will even send a person to a member's residence or business to provide an energy inspection, to advise such member on ways to make their premises more energy efficient.

- Q: The third allegation in Mr. Kadoshnikov's complaint, is that on two different occasions there were power spikes to his residence resulting in damage to his personal property, are you aware of any such power spikes?
- A: No. We have no report or any indication of any power spikes occurring at the residence of Mr. Kadoshnikov.
- Q: Is there any evidence of any irregularity with respect to the delivery of electric service to Mr. Kadoshnikov's residence?
- A: Yes, in April of 2009 we noticed that there was an irregularity regarding the reading the meter at the residence of Mr. Kadoshnikov. Broad River Electric Cooperative, Inc. has an automatic meter reading system, which allows the meters of all it's members to be read at our central office complex in Gaffney. The automatic meter reader system indicated that the meter was dialing backwards instead of forwards.
- Q: In response to that irregularity what did Broad River Electric Cooperative, Inc. do at that point?
- A: We dispatched one of our workers to the residence of Mr. Kadoshnikov.
- Q: Was there a determination as to what was causing the irregularity of the reading of Mr. Kadoshnikov's meter?
- A: Yes, someone had taken the meter out and turned it upside down and reinserted the meter.
- Q: Is there any reason why someone would remove a meter and turn it upside down?
- A: When a meter is turned upside down, it reverses or counts backwards the meter reading, resulting in a reduction of a person's electric bill.
- Q: Was that irregularity addressed with respect to the meter being turned right side up?
- A: Yes it was. We made the correction, and noted it in our service records.
- Q: Were there any other irregularities ever noted at this particular premises during the same time period?
- A: Yes. On another occasion one of our employees noted jumper-cables being connected to the distribution line and hot-wired to the residence.

Q: Was any criminal prosecution ever brought in these matters?
A: No. While it was possible to proceed with the arrest and prosecution of Mr. Kadoshnikov, a decision was made not to do so.

Q: And what was the date of the work order in which the meter was found to be upside down and then rectified?
A: April 24, 2009.

Q: After the April 2009 irregularity was identified and remedied have there been any further problems at this location?
A: Yes, on June 24, 2009, we had a report of a meter stopping and starting, which was again reported through our automatic meter reading system. Based upon that report we again dispatched a person to that residence and replaced the meter on June 25, 2009.

Q: With respect to Mr. Kadoshnikov's actual use of electricity and his billing beginning back in the spring of 2009, did you notice any significant changes in the use of his electricity?
A: Yes, I pulled his records and noted that his use of electricity for the same time period was approximately half or less of what it had been the previous year of 2008. I have attached an exhibit to this testimony which reflects the fluctuations in question. See Exhibit B, attached hereto.

Q: And did these dramatic decreases in the use of electricity coincide with the reports of irregularities regarding the reading and tampering of his meter?
A: Yes.

Q: Other than the irregularities caused by the meter being intentionally turned upside down, jumper-cables being attached to the distribution line, and there being some inexplicable stopping and starting of the meter in June of 2009, is there any indication that the electric service to Mr. Kadoshnikov's residence been anything but dependable and reliable?
A: To my knowledge the electric service has been both dependable and reliable.

Q: To your knowledge have there been any complaints from persons in this area relating to the reliability of the electric service provided by Broad River Electric Cooperative, Inc.?
A: To my knowledge, Broad River Electric Cooperative, Inc. always has provided reliable service to this area; thus, there have been no such complaints.

- Q: Were you aware of a petition that was circulated and signed by persons in the same area where Mr. Kadoshnikov lives which requested a transfer of service from Broad River Electric Cooperative, Inc., to Duke Energy?**
- A:** Yes I was made aware of that petition in late May or early June of 2009.
- Q: At that time, were you aware of the report of meter tampering at Mr. Kadoshnikov's residence?**
- A:** No I was not. We have dozens of employees and I was unaware that Mr. Kadoshnikov had a meter tampering issue.
- Q: And when did you become personally aware of the meter tampering or reading discrepancy at the residence of Mr. Kadoshnikov?**
- A:** It was not until Mr. Kadoshnikov actually filed a formal complaint that is now before the Public Service Commission that necessitated that we specifically review in detail the service record to his residence, in order to respond to the allegations made in his complaint about there being spiking at the residence or some type of irregular service.
- Q: The remainder of the allegations contained in paragraphs four, six, and seven of Mr. Kadoshnikov's complaint all address his request to transfer service, what is the position of Broad River Electric Cooperative, Inc. on that matter?**
- A:** As I noted above in my testimony, Broad River Electric Cooperative, Inc. has served this area for over forty years. Under the express provisions of the 1969 Territorial Assignment Act, Broad River Electric Cooperative, Inc. has the legal right to continue that service. That right to serve, is predicated upon the purpose or policy of the 1969 Territorial Assignment Act, which is to prevent the unnecessary duplication of services, which if such duplication occurred, would result in the added costs of duplication or waste, that would be ultimately passed on to consumers. As I also noted above in my testimony, Broad River Electric Cooperative, Inc. has expended substantial monies to construct and maintain electric facilities in this area. Some of those monies used to construct and maintain electric facilities in this area are derived from outstanding loans. For Broad River Electric Cooperative, Inc. to meet its financial and legal obligations, it must be able to serve all areas where it has expended monies to construct and maintain electric facilities. This includes the premises of Mr. Kadoshnikov.

Q: Does this conclude your direct testimony, Mr. Wilson?
A: Yes, it does.

Respectfully submitted,



DOUGLAS WILSON

Broad River Electric Cooperative, Inc.
811 Hamrick Street
Gaffney, South Carolina 29340

MAY 1994
JAN. 2002
JULY 2004

PROJECT 1 - \$30,000.00
PROJECT 2 - \$237,000.00
PROJECT 3 - \$8,000.00

LEGEND

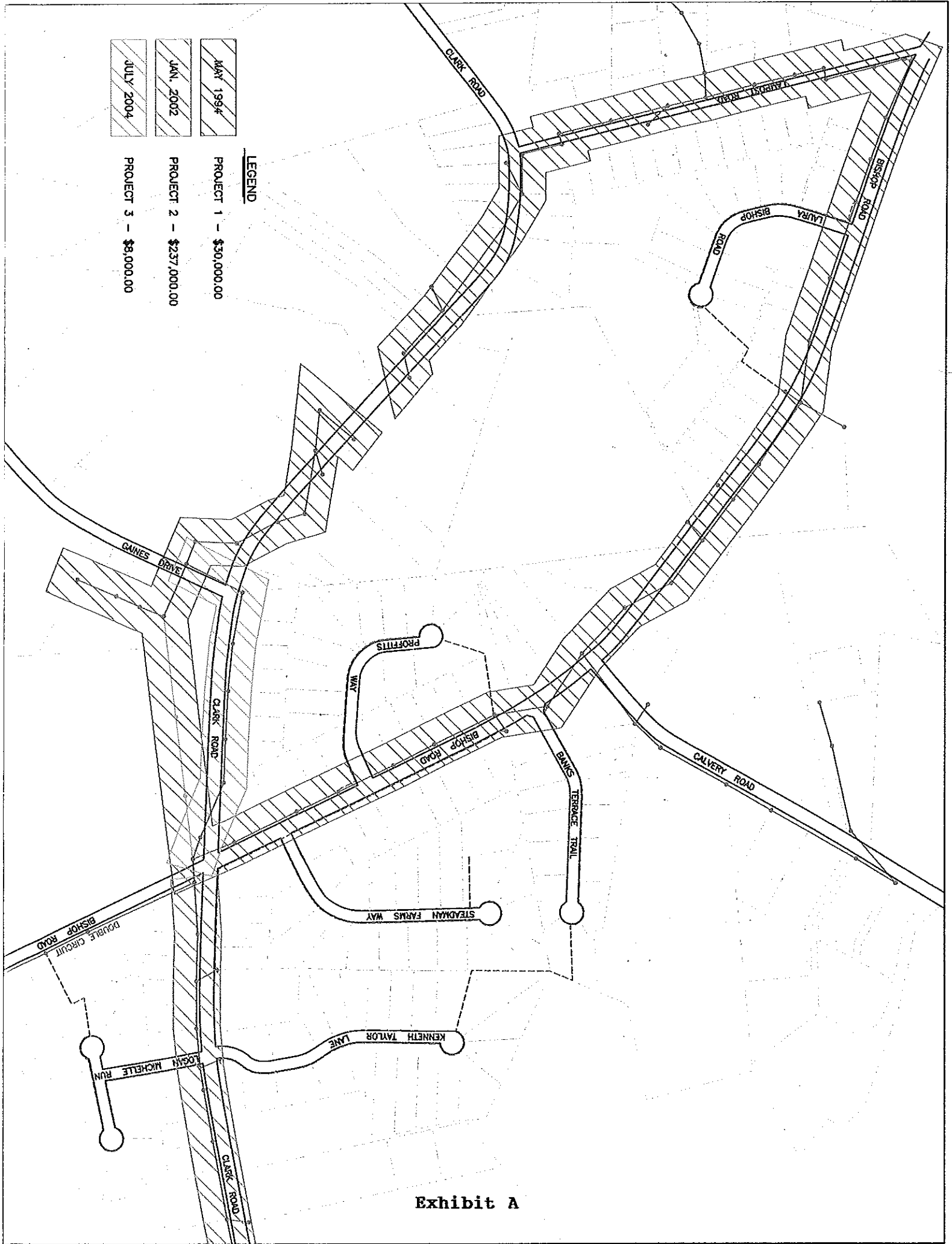


Exhibit A

KADOSHNIKOV, LEONID
153 GAINES DR
Inman, SC 29349

Bill Date	Bill Amount	KWH	Energy	Penalty	YL Charge	WPA	Cost per kWh	Duke Resid	Duke Energy Star
8/15/2009	\$97.94	743	\$102.40	0	0	-\$4.46	\$0.1318	0.0853	0.0840
7/15/2009	\$62.23	425	\$63.93	0	0	-\$1.70	\$0.1464	0.0916	0.0903
6/15/2009	\$60.35	409	\$61.99	0	0	-\$1.64	\$0.1476	0.0921	0.0908
5/15/2009	\$62.69	429	\$64.41	0	0	-\$1.72	\$0.1461	0.0914	0.0901
4/15/2009	\$58.48	393	\$60.05	0	0	-\$1.57	\$0.1488	0.0927	0.0914
3/15/2009	\$79.53	554	\$79.53	0	0	\$0.00	\$0.1436	0.0882	0.0869
2/15/2009	\$183.20	1350	\$183.20	0	0	\$0.00	\$0.1357	0.0816	0.0803
1/15/2009	\$145.85	1087	\$145.85	0	0	\$0.00	\$0.1342	0.0827	0.0814
12/15/2008	\$171.66	1461	\$146.82	0	0	\$24.84	\$0.1175	0.0813	0.0800
11/15/2008	\$89.24	741	\$78.12	0	0	\$11.12	\$0.1204	0.0854	0.0841
10/15/2008	\$102.18	968	\$88.63	0	0	\$13.55	\$0.1056	0.0834	0.0821
9/15/2008	\$145.05	1405	\$132.40	0	0	\$12.65	\$0.1032	0.0814	0.0801
8/15/2008	\$206.73	1899	\$191.54	0	0	\$15.19	\$0.1089	0.0803	0.0790
7/15/2008	\$172.97	1607	\$161.72	0	0	\$11.25	\$0.1076	0.0809	0.0796
6/15/2008	\$103.21	1057	\$96.87	0	0	\$6.34	\$0.0976	0.0829	0.0816
5/15/2008	\$76.49	748	\$72.00	0	0	\$4.49	\$0.1023	0.0853	0.0840
4/15/2008	\$120.08	1213	\$112.80	0	0	\$7.28	\$0.0990	0.0821	0.0808
3/15/2008	\$121.59	1227	\$114.23	0	0	\$7.36	\$0.0991	0.0821	0.0808
2/15/2008	\$171.58	1609	\$161.93	0	0	\$9.65	\$0.1066	0.0809	0.0796
1/15/2008	\$137.31	1292	\$129.56	0	0	\$7.75	\$0.1063	0.0818	0.0805
12/15/2007	\$112.42	1092	\$109.14	0	0	\$3.28	\$0.1029	0.0827	0.0814
11/15/2007	\$71.43	638	\$69.52	0	0	\$1.91	\$0.1120	0.0867	0.0854
10/15/2007	\$87.70	826	\$85.22	0	0	\$2.48	\$0.1062	0.0845	0.0832
9/15/2007	\$166.71	1624	\$163.46	0	0	\$3.25	\$0.1027	0.0809	0.0796
8/15/2007	\$107.16	1052	\$105.06	0	0	\$2.10	\$0.1019	0.0829	0.0816

Duke Energy Rate Schedules:

<u>Residential Service</u>	<u>Facility Charge</u>	
	<u>1st 1,000</u>	<u>2nd 1000</u>
	6.16	
	0.084087	0.091948
	0.077058	0.091948
	0.080191	0.087662
	0.073493	0.087662
<u>Residential Energy Star</u>		
	6.16	
	0.082655	0.09359
	0.075759	0.090359
	0.067609	0.073683